

Message Text

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PAGE 01 STATE 277799

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FM SECSTATE WASHDC

TO AMEMBASSY CARACAS PRIORITY

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E.O. 11652: N/A

TAGS: BEXP, VE

SUBJECT: MAJOR PROJECT, GURI HYDROELECTRIC PLANT

--- EXPANSION

REF: CARACAS A-244

1. USDOC MAJOR EXPORT PROJECTS DIVISION HAS BEEN ADVISED BY INDUSTRY SOURCES THAT TENDER SPECIFICATIONS FOR GURI SECOND POWERHOUSE HYDRO-TURBINES WILL BE RELEASED BEFORE THE END OF 1974. THE TENDERS WILL BE FOR THE DESIGN, SUPPLY, AND SUPERVISION OF ERECTION OF TEN 612 MEG WATT FRANCIS TURBINES UNITS 11 THROUGH 20. THE BID DATE IS REPORTED TO BE APRIL 1, 1975. THE TENDER SPECIFICATIONS FOR THE ASSOCIATED HYDRO-GENERATORS ARE SCHEDULED TO BE RELEASED IN MID-1975, WITH A BID DATE IN THIRD QUARTER 1975.

2. A KEY FACTOR MAKING THIS PROJECT PARTICULARLY ATTRACTIVE TO U.S. FIRMS IS THE REPORT THAT THE FINANCING HAS BEEN ARRANGED AND WILL COME FROM INTERNAL VENEZUELAN LIMITED OFFICIAL USE

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PAGE 02 STATE 277799

SOURCES, THEREBY RELIEVING THE BIDDERS THE REQUIREMENT OF

OBTAINING FAVORABLE FINANCING AS A PREREQUISITE TO BID.

3. IT IS REQUESTED THAT THE EMBASSY CONFIRM THE ABOVE
INFORMATION.

4. OUR CONTACTS WITH U.S. FIRMS (ALLIS-CHALMERS, GENERAL ELECTRIC, AND WESTINGHOUSE) INDICATE THEY HAVE BEEN FOLLOWING THIS PROJECT CLOSELY. THESE FIRMS HAVE BEEN WORKING WITH THE PROJECT CONSULTANT, HARZA ENGINEERING OF CHICAGO, IN DEVELOPING THE TECHNICAL SPECIFICATIONS. MEPD HAS HAD AN EXCELLENT WORKING RELATIONSHIP WITH HARZA FOR SOME TIME.

5. THIS PROJECT HAS RECEIVED WORLDWIDE ATTENTION INCLUDING INDICATIONS OF INTEREST FROM USSR. COMPETITION FOR THE TURBINE AND GENERATOR CONTRACTS IS EXPECTED TO BE KEEN. NOTWITHSTANDING THE EXPERIENCE FROM THE FIRST PHASE TURBINE/GENERATOR BIDDING (IN WHICH THE MAJORITY OF THE CONTRACTS FOR THE TEN UNITS WENT TO JAPAN AND REMAINDER TO CANADA) U.S. FIRMS ARE QUITE INTERESTED IN PURSUING THIS NEXT PHASE. FYI: A VERY PRELIMINARY UNIT PRICE ESTIMATE FOR THE SPECIFIED 612 MW/130 METER HEAD FRANCIS TURBINE IS \$10 MILLION. THE ASSOCIATED HYDRO-GENERATOR IS SIMILARLY ESTIMATED AT \$6 MILLION. THEREFORE A 1974 PRICE FOR THE TEN TURBINE/GENERATOR UNITS IS IN THE ORDER OF \$160 MILLION, SUBJECT TO COST ESCALATION. DELIVERY DATES FOR THESE UNITS START IN 1979 AND STRETCH THROUGH 1986. END FYI.

6. WE LOOK FORWARD RECEIVING EMBASSY'S REPORT REQUESTED IN PARAGRAPH 3 AND ANY ADDITIONAL COMMENTS BY THE EMBASSY OR AVAILABLE FROM EDELCA REGARDING THE GURI EXPANSION. EMBASSY'S ASSISTANCE IN THIS REGARD IS APPRECIATED AND MAY BE AN IMPORTANT ELEMENT IN DEVELOPING A STRATEGY FOR U.S. FIRMS TO SUCCESSFULLY PARTICIPATE ON THIS PROJECT.
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